

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
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Truth-in-Billing)	WT Docket No. 98-170
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And)	
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Billing Format)	
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COMMENTS OF GTE

Dated: November 13, 1998

GTE Service Corporation and its affiliated
telecommunications companies

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TABLE OF CONTENTS

SUMMARY	ii
I. BACKGROUND	1
II. DISCUSSION	4
A. GTE is voluntarily changing its billing systems, and will continue to make modifications as technology and services change.	5
B. GTE is voluntarily implementing a revised billing policy specifically targeted towards eliminating cramming.....	7
C. The FCC should refrain from enacting detailed regulations and issue broad billing guidelines.	8
1. Competition will ensure that carriers implement customer friendly billing system upgrades.	8
2. The FCC should avoid a “one size fits all” approach.....	9
3. Additional detailed regulations limit carriers’ ability to respond to customers’ needs and impose significant costs.	10
III. CONCLUSION	12

SUMMARY

In the *Notice*, the Commission seeks comment on proposals designed to help provide consumers with the information they may need to make informed choices in the competitive telecommunications marketplace. Among the proposals being considered by the Commission are three broad guidelines and numerous detailed billing regulations. GTE supports the three guidelines advanced by the Commission in this proceeding, but opposes the implementation of any detailed billing regulations.

GTE has voluntarily taken a number of important steps, and plans to take further steps to re-design its bills and billing systems to be more customer friendly. In addition, GTE has voluntarily implemented the Commission's anti-cramming guidelines. GTE believes that these voluntary actions are evidence that carriers are listening to customer concerns. In particular, these efforts show that GTE understands that customers who become frustrated in attempting to understand their monthly bill will change to a service provider that uses a more customer-friendly billing format.

Like GTE, other companies are making modifications to their bills to make them more consumer-friendly. These changes are a reflection of the competitive pressures companies are receiving from other telecommunications service providers. Because of this competitive pressure, telecommunication companies are changing their bills without new regulation. Given that the market is forcing carriers to change their billing systems, detailed FCC regulation is not necessary.

Indeed, GTE believes that FCC regulation of billing systems and procedures would harm competition. GTE believes that its new bill design and the billing changes

GTE implements in the future differentiate GTE from its competitors. GTE is concerned that detailed regulations could eliminate the competitive benefit GTE receives from its billing initiatives.

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COMMENTS OF GTE

GTE Service Corporation and its affiliated telecommunications companies¹ (collectively, "GTE") respectfully respond to the Federal Communications Commission's ("FCC" or "Commission") *Notice of Proposed Rulemaking*, FCC 98-232 ("*Notice*"). In the *Notice*, the Commission seeks comment on proposals designed to help provide consumers with the information they may need to make informed choices in the competitive telecommunications marketplace.

I. BACKGROUND

One of the principle goals of the Telecommunications Act of 1996 ("1996 Act") is to make available to consumers new services and technologies by promoting the

¹ These comments are filed on behalf of GTE's affiliated domestic telephone operating companies, GTE Wireless Incorporated, and GTE Communications Corporation. GTE's domestic telephone operating companies are: GTE Alaska Incorporated, GTE Arkansas Incorporated, GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation, GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., and Contel of the South, Inc.

development of competition in all aspects of telecommunications services.² While the 1996 Act has brought a proliferation of new services and technologies, the Commission is concerned that customer bills have not kept pace with the changing marketplace.³ In particular, since the passage of the 1996 Act, the Commission has seen an increase in consumer complaints “directly or indirectly arising out of the failure of telephone bills to provide end-user customers with necessary information.”⁴ The Commission states “consumers must have adequate information...if they are to reap the benefits of a competitive market.”⁵

One of the problems the Commission attributes to this lack of information is the growth of slamming.⁶ The Commission states that some customers find it difficult to “readily determine” from their monthly bill that their presubscribed carriers are or if a change has occurred.⁷ The Commission also is concerned that “unclear” telephone

² Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56(1996)(1996 Act). The principal goal of the Act is to “provide for a pro-competitive, deregulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition.” See Joint Statement of Managers, S. Conf. Re. No. 104-230, 104th Cong., 2d Sess. Preamble (1996)(Joint Explanatory Statement).

³ *Notice* at ¶ 1.

⁴ *Notice* at ¶ 2.

⁵ *Notice* at ¶ 3.

⁶ Slamming is the unauthorized change of a subscriber’s selected carrier for telephone exchange service or telephone toll service.

⁷ *Notice* at ¶ 3.

bills have contributed to the proliferation of cramming.⁸ These problems, along with difficulties experienced by customers in determining whom to contact to resolve charges, have lead to an increase in consumer complaints concerning customers' telephone bills.⁹

Customer billing concerns have also been addressed by The National Association of Regulatory Utilities Commissions ("NARUC") in a "White Paper" discussing the need to provide customers with information in "an understandable manner in order to allow them to make the most of a competitive marketplace."¹⁰ In its White Paper, NARUC offers several proposals aimed at providing consumer protection, including the clarification of telephone bills.

Several consumer groups, such as the National Consumers League ("NCL") and Congress have also addressed customer billing concerns. Thus, in testimony before the United States Senate, the NCL said that "the common thread that runs through pay-per-call scams, slamming, and cramming is that the telephone billing systems are being used, and abused, as a means of fraudulently obtaining money from consumers."¹¹

⁸ Cramming is the practice of causing unauthorized, misleading, or deceptive charges to be placed on consumers' telephone bills.

⁹ *Notice* at ¶ 2.

¹⁰ National Association of Regulatory Utilities Commissioners ("NARUC"), *White Paper on Resolution Urging Support of Principles Promoting Consumer Awareness and Protection by Policy Makers Involved with Telecommunications Regulation*, 1. ("NARUC White Paper").

¹¹ *The Case of the Phantom Phone Charges, Testimony of the National Consumers League to the Senate Permanent Subcommittee on Investigations* at 2 (July 23, 1998) (National Consumers League Testimony).

Indeed, in this past congressional session, several bills were introduced to regulate the issuance of telephone bills. In the Anti-Slamming Amendments proceeding, the Senate founds that billing practices of some providers “have generated significant confusion among consumers regarding the nature and scope of universal service and the fees associated with universal service.”¹²

II. DISCUSSION

Against this backdrop of concern over customer telephone bills, the Commission issued the instant *Notice* to initiate a dialog with the states, consumer advocacy groups, and the industry on how to help consumers to understand their bills.¹³ In the *Notice*, the Commission states its fundamental goal that “consumers should be treated fairly.” To advance this cause, the FCC has set forth three guidelines:

1. Bills should be clearly organized and highlight any new charges or changes to consumers’ services.
2. Bills should contain full and non-misleading descriptions of all charges that appear therein and clear identification of the service provider responsible for each charge.
3. A bill should contain clear and conspicuous disclosure of any information that the consumer may need to make inquiries about the charges on the bill.¹⁴

The Commission seeks comment on each of these guidelines.

¹² *Notice* at ¶ 5.

¹³ *Notice* at ¶ 6.

¹⁴ *Notice* at ¶ 10.

GTE supports the three guidelines advanced by the Commission in this proceeding. As discussed below, GTE has voluntarily taken a number of important steps, and plans to take further steps to redesign its bills and billing systems to be more informative for consumers. In addition, GTE has voluntarily implemented the Commission's anti-cramming guidelines. Given these voluntary actions, GTE believes that the Commission should refrain from adopting detailed billing regulations. Rather, in this proceeding, the Commission should only adopt broad billing guidelines.

A. GTE is voluntarily changing its billing systems, and will continue to make modifications as technology and services change.

GTE agrees with the Commission that customer bills are extremely important. The monthly telephone bill is the vehicle by which GTE communicates with 16 million residential and business consumers and 3.7 million wireless customers. For the vast majority of customers, the monthly bill is the most frequent contact point with GTE. The image and messages that the bill carries influences the customer's perception of GTE. Further, the bill is an essential tool informing customers of their telecommunications services choices and allowing them to manage their telecommunication expenditures. Thus, failure to adequately bill or explain services can lead to customer confusion, dissatisfaction, and eventual loss of a customer.

In order to enhance its relationships with its customers, GTE embarked on an extensive examination of its customer billing systems in 1997. This effort began with an extensive examination of customers' needs. Consumer research and benchmarking were used in developing the design and direction for providing an easy to understand bill for the customer. GTE researched the different interactions that GTE has with

customers. This data was used to determine how to maximize the contact and service experience with the customer through the monthly bill. During this process, GTE learned that customers want easy to read bills, understandable terms, and information on how to contact customer service representatives to address questions and inquiries.

Changes designed to meet customer needs were first implemented in September 1998, with changes in the bills presentation, and a bill phrase clean up. Additional modification will be implemented in 1998 and early in 1999 with the removal of redundant verbiage and information, the use of new billing stock, a summary page, and reformatting of the adding and changing section.

Re-designing GTE's customer bills requires significant effort and expense. The review of customer billing phrases alone required the review of approximately 35,000 phrases impacting close to 200,000 rows in the billing tables. Making the necessary modifications implemented to date has involved countless hours of programming and system analysis. GTE believes, however, that the re-design project has been well worth the effort.

GTE believes it has created a retail telephone bill that meets and exceeds customer's needs. In the same manner, GTE's bill re-design effort, when complete, will voluntarily meet or exceed the Commission's proposed policy guidelines of (1) clearly organized bills with new services highlighted; (2) bills containing full and non-misleading descriptions of all charges; and (3) information for consumers to make inquiries.

B. GTE is voluntarily implementing a revised billing policy specifically targeted towards eliminating cramming.

Earlier this year, Chairman Kennard called local exchange carriers together to develop practices to address cramming issues. GTE and the industry met that challenge and developed the anti-cramming best-practices guidelines. GTE believes in those guidelines and endorses them wholeheartedly. In fact, GTE was the first local exchange carrier to declare its intention to implement 100% of the anti-cramming best practices.

GTE is in the process of implementing a revised billing policy specifically targeted toward the elimination of cramming. The revised policy includes:

1. Billing only for telecommunications and information service related charges.
2. Billing only those non-long distance related telecommunications and information services that have been pre-approved by GTE.
3. Billing only those telecommunications and information service related charges that have been authorized/validated by the consumer.

GTE's anti-cramming efforts also include several other initiatives. First, is the requirement to verify that customers have authorized changes or charges prior to placing them on the phone bill. Second, GTE has developed "Block Functionality". Block Functionality allows customers to limit the companies that bill products or services on their local bill. Third, GTE is voluntarily taking steps to allow customers the ability to contact the company that is billing charges. In 1999, GTE will implement changes that will display on its domestic telephone operating bills contact numbers for both the clearinghouse and the service provider.

GTE believes this anti-cramming policy is the toughest in the industry. Indeed, National Consumers League President Linda Golodner recently said, "We applaud GTE for taking a strong stand against cramming. These new policies will make it harder for fraudulent companies to place unauthorized charges on GTE phone bills and easier for consumers to spot possible billing problems."¹⁵ As discussed below, in light of the changes GTE has voluntarily made, additional detailed regulation is not needed.

C. The FCC should refrain from enacting detailed regulations and issue broad billing guidelines.

1. Competition will ensure that carriers implement customer-friendly billing system upgrades.

GTE has undertaken considerable effort both to redesign its customer bills and implement Chairman Kennard's request for voluntary anti-cramming practices. GTE took these steps because it realizes that customers' billing needs are critical and need to be met in a competitive environment. GTE understands that customers who become frustrated in attempting to understand their monthly bill will change to a service provider that uses a more customer-friendly billing format.

In the face of competition, carriers will be forced to upgrade their billing systems or lose customers to carriers that have already done so. Other companies in the telecommunications industry are already making modifications to their bills to make them more consumer-friendly. These changes are being made in response to competitive pressures companies are receiving from other telecommunications service providers. Because of competitive pressure, telecommunication companies are

¹⁵ South Texas Reporter, Roma Texas October 15, 1998.

changing their bills without new regulations. Given that the market is forcing carriers to change their billing systems, detailed regulation is neither necessary nor appropriate.

Indeed, GTE believes that FCC regulation of billing systems and procedures would harm competition. GTE believes that the information it has gathered from its customer research effort and the changes made to implement the fruits of that research are proprietary and constitute an important factor that differentiates GTE from its competitors. GTE believes that its new bill design and the billing changes implemented in the future will differentiate GTE from its competitors.

GTE is concerned that detailed regulations could eliminate the competitive benefit GTE receives from its billing initiatives. In particular, requiring carriers to conform to standard billing formats would likely prevent carriers from differentiating themselves from their competitors. Moreover, Commission regulation requiring carriers to make particular billing changes could prohibit GTE from taking actions that meet the unique needs of its customers. In short, GTE believes that carriers should be free to compete in all aspects of the services they provide to their customers, including billing services. The Commission should not adopt any form of detailed billing regulation that would detract from that competition.

2. The FCC should avoid a “one size fits all” approach.

Common sense in billing customers is extremely important. The FCC must allow for different billing practices depending on the size of the customer and the nature of the customer bill. In certain cases, additional information will only confuse the customer and not add to the understanding of the bill. For example, requiring summary pages,

additional sub-totals and explanations may add confusion and clutter to a simple 3-page bill.

Consideration should also be given to the various types of service and existing billing practices used by each industry segment. For example, in the cellular industry, many customers do not wish to have a detailed listing of each and every call. As a result, the industry in general has given customers the option of eliminating the call detail from the monthly bill.

In the *Notice*, the Commission seeks comments on visual separations of different services on the bill.¹⁶ GTE Communication Corporation, GTE's competitive local exchange carrier ("CLEC"), bills bundled local and long distance service. Consumers have stated they believe this is an extremely desirable service package. Requiring companies to segregate bills by type of service or present an unbundled presentation on the bill, however, would be contrary to the wishes of many customers. Thus, the Commission must ensure that certain billing formats are not forced upon the consumers.

3. Additional detailed regulations limit carriers' ability to respond to customers' needs and impose significant costs.

In the *Notice*, the Commission recognizes that "[t]he importance of providing an accurate and understandable telephone bill must be balanced with the costs incurred to

¹⁶ *Notice* at ¶ 17.

provide that information.”¹⁷ In GTE’s opinion, the detailed regulation being considered by the Commission is both costly and unnecessary.

As new needs for services develop under the current industry guidelines, the industry will be able to respond to individual consumer needs. Under additional regulation and burdensome guidelines, telecommunication companies may be prevented from meeting individual customer’s needs. Additional regulation will only limit the possible billing options a customer may have and may exclude some billing options customers want. For example, some customers may desire detailed billing information and would like line-by-line detail each month. Other customers may not care to receive detailed information on a monthly basis.

Detailed billing regulation will, in any event, significantly increase carrier costs. For example, GTE Communication Corporation offers and bills local, long distance, paging Internet and cellular service to its customers. An FCC-imposed requirement for page breaks differentiating types service, however, would greatly increase the mailing cost of the bill.¹⁸ Similarly, GTE has determined that if it were required to include one additional page in its monthly wireless billing, billing cost will increase \$ 9.6 million in annual mailing costs alone.

GTE strongly urges the Commission not to impose detailed regulations that are not necessary and will significantly add to carriers billing costs. If the FCC believes

¹⁷ *Notice* at ¶ 11.

¹⁸ This requirement would also add considerable volume and detract from the clarity of the bill. GTE’s customers generally have told GTE that they desire a reduction in the number of pages required to bill a customer.

additional regulation is necessary, it should take care to issue only broad guidelines and allow companies the option to develop detailed plans that best serve their customers.

III. CONCLUSION

GTE does not believe that additional regulations are needed to improve telecommunications truth-in-billing and billing format. GTE believes that the efforts GTE has undertaken to improve customer billing and prevent cramming are evidence that carriers are reacting to customer wishes to simplify and clarify customer bills. GTE believes, further, that market pressures will encourage all carriers to improve billing systems and practices.

Dated: November 13, 1998

Respectfully submitted,

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